

H.R. 3799 - CHOICE Arrangement Act

Education and the Workforce Committee Provisions

BACKGROUND

According to research by NFIB, small businesses have ranked the cost of health insurance as their number one problem for 32 straight years. Republicans are spearheading innovative health care solutions to bring down health care costs for small businesses.

Association Health Plans Act

THE PROBLEM

- Democrat policies, like Obamacare, have led to consolidation in the marketplace, skyrocketing premiums, and a broken individual health market that costs taxpayers more than a trillion dollars a year while covering only 4.6 percent of the population.
 - Offer rates of health insurance from small employers (employers with under 50 workers) dropped from 39 to 31 percent from 2010-2021.
- In 2019, the Trump administration took regulatory action to expand AHPs. Under the Trump administration rule, new AHPs produced savings of 29 percent on average, some industries, such as realtors, saw premium reductions of over 50 percent.
- Unfortunately, the rule has been under attack by Democrats and put on pause by the courts and the Biden administration.
- The Biden administration is taking action to stop a Virginia state law that would allow realtors to band together to form an AHP.

THE SOLUTION

- The *Association Health Plans Act* (H.R. 2868), introduced by Rep. Tim Walberg (R-MI), codifies the Trump administration rule to expand AHPs.
- Specifically, it levels the playing field for small businesses by allowing employers, including self-employed individuals and independent contractors, to band together across state lines to purchase health coverage.

BOTTOM LINE

- AHPs expand options for small businesses and provide self-employed individuals access to lower-cost coverage.

CONT'D



Self-Insurance Protection Act

THE PROBLEM

- An employer can provide health insurance to employees by fully insuring or self-insuring. Large and small employers opt to self-insure; the employer assumes the risk and costs of paying for employees' health care services directly instead of purchasing plans with a large insurer.
- By choosing to bear the financial risk of an employee's health care expenses, employers can experience cost savings not available from coverage purchased in the fully insured market.
- Last year, approximately 65 percent of workers with employer-sponsored health coverage were enrolled in a self-funded plan, up from 44 percent in 1999 and 55 percent in 2007.
- The *Employee Retirement Income Security Act* (ERISA) governs employer-sponsored health insurance. Its preemption clause allows employers to offer a uniform set of benefits nationwide.
- Without ERISA preemption, employers face a patchwork of state laws, raising premiums and forcing more small businesses to drop coverage and move individuals to the Obamacare exchanges.
- Many employers purchase stop-loss insurance—a financial risk-management tool designed to protect employers from catastrophic claims expenses—in order to access the self-insured market.
- Democrat-controlled states like New York have recently blocked small employers' access to the self-insurance market by limiting their ability to use stop-loss insurance.
- This weakens employers' ability to provide affordable health care and pushes more Americans into unaffordable Obamacare plans.

THE SOLUTION

- The *Self-Insurance Protection Act* (H.R. 2813), introduced by Rep. Bob Good (R-VA), amends ERISA to clarify that federal regulators cannot define stop-loss insurance as traditional health insurance, which would subject this financial tool to Obamacare health insurance rules. The bill thus preserves the option of self-funding. It also prohibits states from excessively regulating stop-loss insurance if the regulation makes it inaccessible to employers.
- The *Self-Insurance Protection Act*:
 - Reaffirms long-standing policies that stop-loss insurance is not health insurance and has never been considered health insurance under federal law. It is a financial tool used by employers.
 - Prevents states from circumventing ERISA preemption and prohibiting small business owners' access to the self-insured market.
 - Protects access to affordable health care coverage. By preserving self-insurance, workers, and employers will continue to benefit from a health care plan model that lowers costs and provides greater flexibility.

BOTTOM LINE

- The *Self-Insurance Protection Act* preserves small businesses' ability to self-insure and provide lower-cost, high-quality health care to their employees.

